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## Conclusion: China's Policy and Presence in the Arctic

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## Conclusion

### Chapter 8. Conclusion: China's policy and presence in the Arctic

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#### 8.1. Introduction

As the People's Republic of China has risen to great power status and the world's second-largest economy, its foreign policy no longer focuses only on regional affairs in East Asia and the Asia-Pacific, as Beijing now has interests at the global level as well. During the last decade, the Arctic has also become incorporated into China's increasingly confident global diplomacy. However, there are some noteworthy distinctive characteristics of China's Arctic engagement that differentiate it from the country's foreign policies in other parts of the world, especially given the Arctic region's distinct geography, demographics and economy. This volume has sought to identify these differences and offer an overview of China's policy and presence in the Arctic. Clearly, we confirm that China's manifold activities in the Arctic region have grown significantly in the past ten years. In this last chapter of the book, we summarize the key findings of the preceding chapters.

#### 8.2. China as an Arctic actor

Clearly, China is not an Arctic state because it has no sovereign territories or waters above the Arctic Circle, and it is therefore not likely to make any territorial claims in the Arctic in the future. Notwithstanding, it has sought to become a legitimate actor in the Arctic and has adjusted its cross-regional policies accordingly. China's Arctic policy is therefore a noteworthy exercise in identity-building that seeks to find tools to build an Arctic identity that would be acceptable, or at least not resisted, by the eight Arctic states. As Chapter 3 of this volume indicates, China's first ever official Arctic strategic White Paper (*Zhongguo de Beiji Zhengce Baipishu* 《中国的北极政策》白皮书)

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published in January 2018 can be seen as the party-state's final step in establishing itself very clearly as an Arctic actor.

In comparison with other non-Arctic states that have also been developing Arctic policies and strategies, including the United Kingdom, France, Germany, Japan and South Korea, China's Arctic policies and activities have been subject to much greater global scrutiny, especially out of concern that Beijing may be seeking to develop a 'hard security' agenda in the region. This level of international attention strongly inhibits any sort of revisionist behavior on China's part. Because China's general lack of on-the-ground knowledge in the region makes any overt Chinese revisionist policies unacceptably risky, Beijing has been notably cautious about being seen as challenging the strategic status quo in the High North. Conversely, China's Arctic activities are highly dependent on economic and political cooperation with Arctic states and companies, given the state's status as an external actor to the region. Beijing does not want to antagonize the 'Arctic Eight' states, especially Russia. Rather, it is of utmost importance to China to be seen as a benevolent partner amongst the regional stakeholders. Furthermore, in light of very high international scrutiny that the media, experts and state officials place on any actions of China in the Arctic, it is highly improbable that China could significantly extend its reach and increase its power in the Arctic via covert means. Thus, at present the cost/benefit equation has strongly directed China to take a conservative and multilateral approach to the region, as well as one that respects international law and regional governance and existing regimes.

In its pursuit of expanding China's role in Arctic governance, Beijing continues to abide by public international law in its Arctic policy, including in the cases of the Arctic Council, the United Nations Convention on the Law of the Sea (UNCLOS), the Polar Code and the new fishing agreement in the Central Arctic Ocean. Regarding its Arctic activities, China's commitment to abide by international law and the legal frameworks of Arctic states was restated in the Chinese government's 2018 White Paper. In the policy statement, China's role in the region was directly connected to existing legal and political frameworks. However, the South China Sea case shows that Chinese and Western interpretations of international law, including UNCLOS, may differ. International law is interpreted, in some occasions, by states in a way that best supports their interests and objectives. It cannot be excluded that there will be future disagreements between China and Arctic states on particular international law rules in the Arctic or of those provisions' applicability to the Arctic.

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### 8.3. China's role in the Arctic

In addition to Arctic governance, Beijing seeks to expand other dimensions of its presence in the region. Chapter 4 of this volume makes it clear that China has significantly increased its scientific facilities, thereby enhancing its scientific potential in the North, over the course of a relatively short time. At present, among others, China has a research station in Svalbard Archipelago, is an active member of the International Arctic Science Committee (IASC), conducts regular icebreaker science expeditions in the Arctic, and is becoming increasingly involved in international science cooperation projects. The scale and expansion of Chinese investments in research and development over the last twenty years remains largely unparalleled. The country has become increasingly interested in climate change in the Arctic, not only in terms of impacts occurring in the region itself but also in the effects of these changes in China. Yet, China's scientific activities have recently raised concerns amongst some Arctic states and stakeholders. The United States, in particular, warned about the potential dual use of Chinese research facilities. Growing geopolitical tensions may increase these suspicions, making the Sino-Arctic research cooperation more difficult in the coming years.

Although climate change is an important driver of China's Arctic engagement, Chapter 5 points out that the state's Arctic strategy does not specify additional efforts to mitigate climate change. Beijing, regrettably, does not currently participate in the Arctic Council Expert Group's work on black carbon and methane, which could present an important contribution to addressing the impacts of climate change in the North. Some of the black carbon that is deposited in the Arctic originates from China. Beijing faces the same challenge in terms of other pollutants. The country participates in global cooperation on persistent organic pollutants (POPs) and mercury as well as on plastic waste, but it also produces a lot of these substances that then end up in the Arctic ecosystems and food chains. After the United States announced its decision to withdraw from the 2015 Paris Agreement, the international community has hoped for China to take a leadership role in international climate politics. To some extent, China appears to be willing to assume this role. Yet, its climate policies are not ambitious enough to prevent dangerous climate change from happening. Moreover, the Belt and Road Initiative (BRI) continues to invest in coal and other fossil fuels, and Chinese demand for resources constitutes the key contributor to the market incentives for the expansion of resource extraction in the Arctic.

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In addition to environmental issues, Indigenous Peoples' issues are an important element of Arctic governance. As Chapter 3 notes, Beijing's approach to these questions is complex. China does not consider any of the ethnic or minority groups inhabiting its territory to have the status of an Indigenous People, and in a broader ethnopolitical context, China has been sensitive to the potential for ethnic unrest, especially in the cases of Tibet and Xinjiang in the country's far west. China, however, is a fairly consistent supporter of Indigenous rights at the United Nations. This is politically easy for China, as Beijing believes indigenous status arises exclusively from the history of colonization and is not applicable to China itself. Chinese international stance does, however, potentially matter in the Arctic context. As an Observer to the Arctic Council, China has accepted the organization's Nuuk Observer criteria, which calls upon Observers to "respect the values, interests, culture and traditions of Arctic indigenous peoples and other Arctic inhabitants" as well as have "demonstrated a political willingness as well as financial ability to contribute to the work of the Permanent Participants and other Arctic indigenous peoples" (see Arctic Council, 2019). Thus far, however, Beijing has not spoken of Indigenous issues in terms of Indigenous rights, nor has Beijing organized any practical cooperation with the Arctic Council Permanent Participants organizations, in contrast to, for instance, Singapore or the European Union.

Furthermore, China's global economic role has grown rapidly, and this expansion can be expected to continue in the future. Chapter 6 indicates that the country is preparing to utilize the emerging navigational opportunities and to invest in the Arctic's energy resources in particular. At present, Chinese actors focus mainly on Russia in terms of oil and gas investments, Greenland with respect to mining, and biorefining in Finland. In Iceland and Finland there are investments and cooperation in the tourism sector. However, Chinese economic activities in the region remain limited. Some planned activities have been delayed and in some cases Chinese investors pull out. There were cases of infrastructural investments in Arctic states, where security concerns made Arctic states to reject Chinese investment plans. This is visible in the case of Finland, which is considered separately in Chapter 7. At present, there are only a few instances of realized investments (such as tourist accommodation in Lapland), and only a handful implemented contracts. Most projects associated with Chinese actors remain at the stage of planning or initial ideas, and the specific place of Finland within the BRI is yet to be clarified. However, economic cooperation between Finland and China is growing, and there is a notable potential for enhancing collaboration in Arctic questions.

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### 8.4. Risks and future prospects

It is apparent that China's great power status will only consolidate with time, which means that Beijing's Arctic presence in various policy areas will also likely grow. It is not likely that China's military presence will grow in the Arctic in the near future. While scientific diplomacy will probably continue to be the vanguard of Chinese Arctic interests, economic interests are also starting to be important, given China's ongoing need for energy and raw materials as well as new shipping lanes. As for Arctic governance, China does not presently challenge the existing general Arctic security and governance frameworks; however Beijing is starting to make changes in the realm of regional norms by affecting the informal understandings that govern the behavior of actors in international society, including states and governments.

Thus, China is no longer content to be merely a 'norm-taker' in the Arctic. Instead, it is becoming more comfortable with acting as a norm-maker, that is, an actor proposing its own ideas and norms and not only observing and participating in existing frameworks. This is evident from the 2017 extension of the BRI into the Arctic Ocean, a multidimensional and global development endeavor seeking to establish and fortify China as an economic pole in the international system and launched by Chinese President Xi Jinping in 2013. Conservative estimates place the overall cost of the BRI, which extends to many parts of the world, including Africa, Central Asia, Europe, the Middle East and Russia in addition to the Arctic, at US\$1 trillion. The BRI has coalesced into the primary foreign policy of President Xi Jinping. However, that also means that the BRI has become an overarching frame for Chinese overseas investment and cooperation, which results in many projects being labeled as BRI actions in order to gain political support and easier access to Chinese financing.

In addition to the economic benefits of collaboration between China and Arctic, there are various concerns and risks related to cooperation with Chinese partners. Many perceived risks are based on the negative assessment of past Chinese activities in regions such as Africa and South Asia. The situation in developed Arctic states and relatively well-governed Arctic regions may not be easily compared to other parts of the world. However, the adverse experiences and resulting negative image do affect the perception of Chinese actors in the Arctic. We can identify some types of Chinese activities that are particularly likely to cause anxiety within Arctic states: major land purchases, especially in areas of high environmental, biodiversity or landscape value;

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investments in critical infrastructure; and bringing in Chinese workforce in significant numbers. On the other hand, studies have underlined that Chinese operators are capable of adjusting to local conditions and regulatory frameworks, and that the performance of Chinese investors overseas has, overall, significantly improved over the last decade. The hope is that the Arctic would be a place where Chinese investments follow best practice.

According to Chapters 6 and 7, three dimensions of risks related to the growing Chinese economic presence in the Arctic can be distinguished. First, there are anxieties related to the perception of Chinese investment and economic, scientific and other forms of cooperation as constituting instruments of increasing Chinese influence. Chinese investors and operators (and similarly any single major foreign investor) may gain excessive long-term influence on the regional economy. At the same time, there is a belief that China – as an authoritarian state with significant control over its economic actors – may gain too great an influence on the Arctic states' national economies, also leading to political influence. Such fears are exacerbated by the fact that China has a history of using economic pressure to retaliate against what it perceives as actions directed against Chinese national interests. The collapse of Sino-Norwegian relations following the Nobel Peace Prize controversy in 2010 constitutes a clear case in point. The authors of Chapter 6 highlight the possibility that sharp power mechanisms could be utilized by China also in the Arctic.

Second, there are concerns related to the environmental and social performance of Chinese actors as investors or business partners. The impacts of Chinese investments on the local business landscape and labor market need to be assessed for each project, as there is no single pattern of Chinese investors and companies' behavior. Moreover, issues related to intellectual property rights remain problematic for Arctic businesses cooperating with Chinese partners. Lastly, local actors, who are often strongly in favor of Chinese investments, have misgivings that plans announced by Chinese investors often remain unimplemented or ephemeral.

Clearly, the ways in which these potential risks can be addressed and mitigated are case-specific. Decision-makers are advised to apply particular scrutiny in cases of investments that would give Chinese companies influence over the construction and use of critical infrastructure such as railways or airports. Some of the risks may be avoided by increased cultural understanding. In general, thus, it is highly recommended for Arctic states to dedicate resources towards better understanding Chinese foreign influence, the modes of operation of Chinese business actors and a

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generally improved understanding of the Chinese society and culture, including facilitating Mandarin language skills. At the same time, China should also devote resources to increasing their knowledge of the special characteristics of the Arctic region: the culture, traditions, history, norms and values of the Arctic populations. Without understanding one another's backgrounds and needs, collaboration is unlikely to thrive and the current level of mistrust will not be successfully addressed.

## Literature

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